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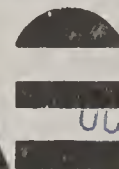
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FARMERS' NEWSLETTER

Soybeans



OCT 22 '79

THROUGH THE SECTION
SERIAL RECORDS
August 79/S-9

With harvest just around the corner, it's time to plan for marketing your crop. Remember that soybean prices are usually lowest during harvest and often show a seasonal rise into the spring. That may be the situation this time around, although the extent of any seasonal rise will be tempered by the record world supply of oilseeds.

Here are some of the major factors in the outlook that bear on the price you'll receive for 1979-crop soybeans:

- The U.S. oilseed harvest could be a new high of 68 million metric tons, 18 percent more than in 1978/79, according to August indications. Soybeans are expected to account for about 85 percent of this total increase in oilseeds.

- World oilseed output also will be a record. It was estimated at 177 million metric tons early in August, about 18 million tons above 1978/79, but the actual amount will not be known until next spring.

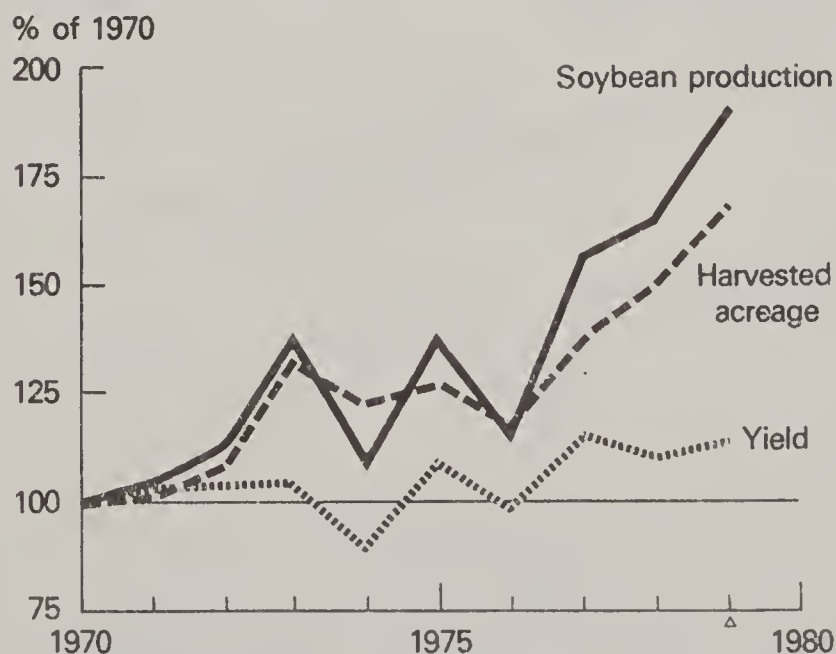
- Demand for soybeans and products will continue strong

next year, since American farmers are the only major producers with soybeans to sell until next spring when South American crops enter world markets.

- Although domestic crush and exports of soybeans will rise to new highs, the increase will not match the sharp expansion in output. As a result, a sharp buildup in U.S. carryover by September 1980 is anticipated.

- If good weather continues through harvest, U.S. soybean production could be even higher than the record 2.13 billion bushels (58 million metric tons) forecast as of August 1. If bad weather should occur, a crop of 2 billion bushels is still probable. During the past 10 years, the August 1 forecast of the soybean crop has been below

INCREASED ACREAGE BOOSTS PRODUCTION



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Principal contributor to this issue:
George W. Kromer (202) 447-8444

U.S. OILSEED PRODUCTION AT NEW HIGH¹

Crop	Area Harvested Million Hectares ²		Yield M.T./HA		Production Million M.T. ³	
	1978	1979	1978	1979	1978	1979
Soybeans,	25.5	28.5	1.97	2.04	50.1	57.9
Cotton- seed	5.0	5.4	.76	.91	3.8	4.9
Sunflower- seed	1.2	2.2	1.54	1.48	1.8	3.3
Peanuts	0.6	0.6	2.96	2.98	1.8	1.8
Flaxseed	0.3	0.4	0.80	0.74	0.3	0.3
Total Oilseeds	32.6	37.1	1.77	1.84	57.8	68.2

¹ August 1 Indications. ² 1 Hectare = 2.4710 acres ³ 1 Metric Ton = 2,204.6 pounds.

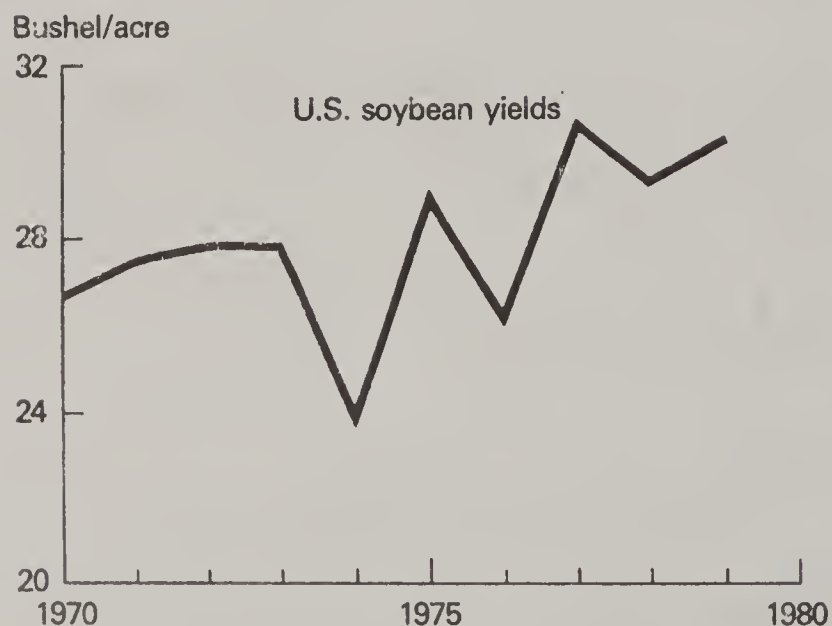
the final estimate seven times and above three times.

Post-Harvest Price Rise Likely

Some price weakening has occurred this summer in anticipation of the record harvest. Farmers' monthly average prices dropped from \$7.37 per bushel in June-July to an estimated \$7.00 in August.

Although farm prices may be under pressure this fall, they should still average above the \$6.19 per bushel of last October. In late August, futures prices at Chicago were well

YIELD PER ACRE A NEAR RECORD



over \$7 for each of the contract months of the 1979/80 marketing year.

Marketing Strategy: Store or Sell?

Getting the best possible return for your 1979 crop will depend upon your marketing decision. You have several alternatives:

- If you are satisfied with soybean prices at harvest, you might want to sell your entire crop during harvest.
- Depending on your storage situation, sell part of the crop from the combine, and store the remainder for pricing later in the season.
- Store all of your crop and sell at intervals during the 6 or 8 months following harvest. You may obtain a CCC loan while your soybeans are in storage. The USDA loan rate for the 1979 soybean crop is \$4.50 per bushel, unchanged from 1978.

Look at the prospective supply and demand, consider your own position, and select the marketing option that best suits your needs. With the increased cost of producing your crop this year, it is more important than ever for you to decide on the right time to sell and the best marketing method.

A Look at Forward Contracting

If you think current soybean prices look good, you may want to forward contract some or all of your 1979 crop. That allows you to lock in on current futures prices if they meet your price expectations. So you can set the price you will receive

for all or part of your soybean crop--either by using cash contracts or else by judicious hedging in the futures market.

Successful forward selling requires knowing production costs. If you know what you spent producing your crop, then you'll know what price levels will be profitable.

Some farmers forward contract just enough of their crop to cover their "out-of-pocket" costs.

Cash contracting means booking your soybeans with the local elevator. This gives you the advantage of knowing the exact price you will get. It also sets the price before delivery

U.S. SOYBEAN SUPPLY EXCEEDS DEMAND

Item	1977/ 78 ¹	1978/ 79 ²	1979/ 80 ³
<i>Million acres</i>			
Acreage			
Planted	58.8	64.0	71.5
Harvested	57.6	63.0	70.3
<i>Bushels</i>			
Yield per acre			
Harvested	30.6	29.2	30.3
<i>Million Bushels</i>			
Supply			
Beginning stocks, Sept. 1	103	161	155 ± 15
Production	1,762	1,843	2,129 ± 100
Total supply	1,865	2,004	2,284 ± 100
Use			
Crushings	927	1,020	1,080 ± 50
Exports	700	765	825 ± 50
Seed, feed, residual . . .	77	79	89
Total use	1,704	1,864	1,994 ± 50
Imbalance		15 ⁴	
Ending stocks, Aug. 31 .	161	155	290 ± 50
<i>Dollars per bushel</i>			
Price			
Season avg. farm price ⁵	5.88	6.75	6.25 ± .75
U.S. loan rate	3.50	4.50	4.50

¹ Preliminary. ² Estimated. ³ Forecast based on August 1 indications. ⁴ Based on June 1 stocks, indicated underestimate of 1978 crop. ⁵ Weighted by monthly marketings.

WORLD OILSEED PRODUCTION JUMPS

	<i>Million Metric Tons</i>					
	1977/78 Volume:Pct.		1978/79 Volume:Pct.		1979/80 Proj. Volume:Pct.	
Total						
Oilseeds	151	100	159	100	177	100
Soybeans	74	49	80	50	92	52
Cottonseed	26	17	24	15	26	15
Peanuts (in shell)	17	11	18	11	19	11
Sunflowerseed	13	9	12	8	15	8
Rapeseed	8	5	11	7	12	7
Other ¹	13	9	14	9	13	7

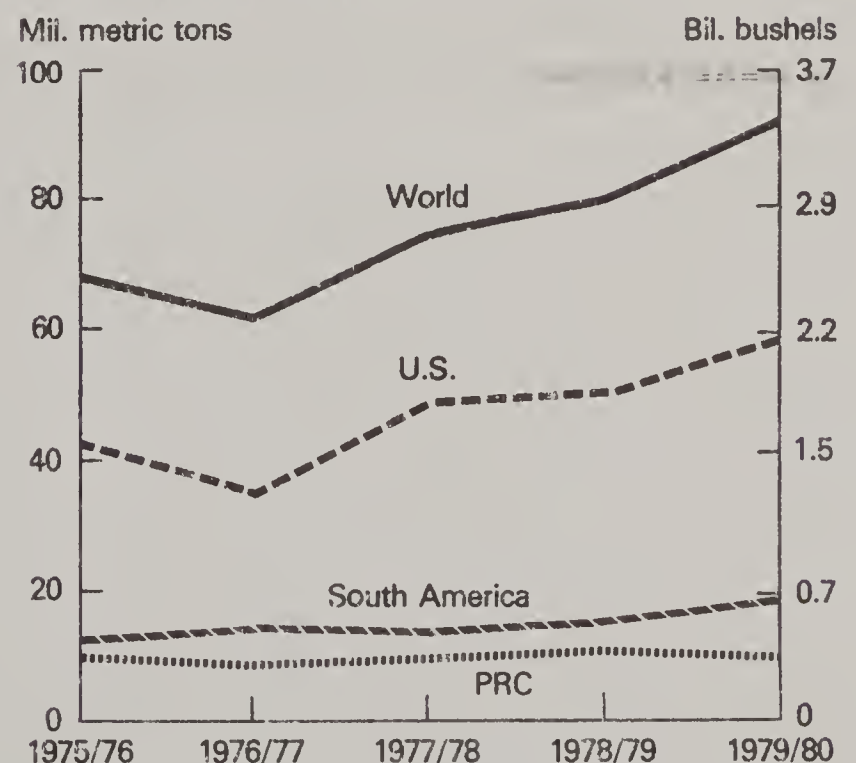
¹ Includes sesameseed, safflowerseed, flaxseed, castor beans, copra, and palm kernels.

of the crop and it sets a definite delivery point.

Hedging in the futures market allows you to set a price for your soybeans within a narrow range. This offers you market flexibility.

You can offset your contract at any time so you don't have to deliver soybeans as specified in the contract. Simply buy back the futures contract

WORLD SOYBEAN PRODUCTION A RECORD



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August 79/S-9

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on the day you sell your beans in the local market and apply whatever profit (or loss) is received on the futures transaction to the price received locally.

Some farmers consider these options too risky for them. Others feel that the riskiest course of all is the traditional one of selling from the combine.

Sunflowerseed Supplies Skyrocket

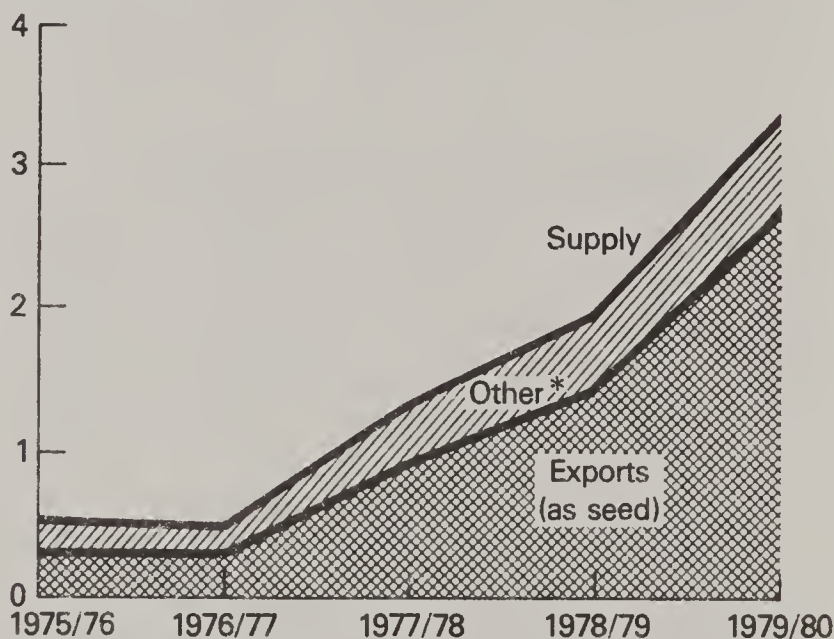
U.S. sunflowerseed supplies are projected at around 3-1/3 million metric tons--about two-thirds more than 1978/79--largely due to expanded plantings.

Although the sunflowerseed crush will continue to expand domestically, we'll still need to export about three-fourths of the crop. Mexico, Venezuela, and Europe are major buyers.

Sunflowerseed probably will cost an average of \$240 per ton at the farm this year--not much change from last year.

U.S. SUNFLOWER SEED SUPPLIES UP SHARPLY

Mil. metric tons



*Includes domestic crush, non-oil uses and planting seed.

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